

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15
NSC-05 STR-07 /073 W
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P 260405Z JUL 78
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC PRIORITY 8283
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO

C O N F I D E N T I A L TAIPEI 04826

E.O. 11652: GDS
TAGS: EAIR, ETRD, TW
SUBJECT: ALLEGED AIRBUS INDUSTRIE SALES TACTIC

REF: STATE 187436

1. MCDONNELL-DOUGLAS (MDC) HAS BEEN NEGOTIATING WITH CHINA AIRLINES (CI) FOR SEVERAL MONTHS FOR THE SALE OF TWO DC-10 AIRCRAFT. DON ANDREWS, DIRECTOR OF FAR EAST SALES FOR MDC, INFORMED EMBASSY JULY 24 THAT CI IS OF OPINION DC-10 FILLS REQUIREMENTS FOR MEDIUM-RANGE JET TO REPLACE 707'S ON AIRLINE'S SOUTHEAST ASIA ROUTES AND THAT CI FINDS MCDONNELL-DOUGLAS PRICE ATTRACTIVE. ANDREWS HAD BEEN HOPEFUL THAT CONTRACT COULD BE SIGNED AUGUST 1978.

2. AIRBUS INDUSTRIE ALSO HAS BEEN TALKING WITH CI ABOUT PURCHASING A-300 AIRCRAFT BUT, ACCORDING TO ANDREWS, CI HAS NOT EVINCED INTEREST IN A-300 BECAUSE OF SHORTER RANGE AND SMALLER PAYLOAD THAN DC-10. ANDREWS STATED THAT HE WAS
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SURPRISED, THEREFORE, WHEN CI INFORMED HIM ON JULY 24 THAT IT WAS SUSPENDING NEGOTIATIONS WITH MCDONNELL-DOUGLAS AND THAT IT MIGHT BUY FOUR A-300 AIRCRAFT.

3. ANDREWS STATED THAT MCDONNELL-DOUGLAS SUPPORTERS IN CI INFORMED HIM THAT DECISION TO CONSIDER A-300 WAS MADE BY GROC FOR POLITICAL REASONS. SUPPORTERS REPORTED THAT

FRENCH GOVERNMENT HAS TOLD GROC THAT IF IT PURCHASES FOUR A-300 AIRCRAFT, CI MAY INAUGURATE TWO FREQUENCIES WEEKLY TO PARIS (ORLY). SUPPORTERS DID NOT KNOW IF FRENCH OFFER WOULD GIVE CI THIRD AND FOURTH FREEDOMS OR BEYOND RIGHTS OR MERELY PERMISSION TO USE ORLY AS TECHNICAL STOP. IN ANY EVENT, GROC IS INTRIGUED ENOUGH BY POSSIBILITY OF PENETRATING WESTERN EUROPE TO CAUSE IT TO CONSIDER FRENCH OFFER SERIOUSLY.

4. ON JULY 25 ADCM ATTEMPTED TO ASCERTAIN VALIDITY OF ANDREWS ALLEGATION. SPOKESMEN FOR CI AND DIRECTORATE GENERAL OF CIVIL AERONAUTICS WOULD ONLY STATE THAT DECISION ON AIRCRAFT TO BE PURCHASED HAS BEEN TAKEN OUT OF CI'S HANDS. DGCA SUGGESTED THAT EMBASSY DIRECT ITS INQUIRIES TO MINISTRY OF ECONOMIC AFFAIRS (MOEA) AND COUNCIL FOR ECONOMIC PLANNING AND DEVELOPMENT (CEPD). ADCM HAS APPOINTMENT WITH VICE MINISTER OF MOEA Y. T. WONG AND VICE-CHAIRMAN OF CEPD C. C. WANG JULY 26. UNGER

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